Tenn. Governor, 1857-1863
(Isham G. Harris)

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# MESSAGE

OF

# ISHAM G. HARRIS,

GOVERNOR OF TENNESSEE,

To the General Assembly of the State,

OCTOBER 4, 1859.

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# MESSAGE

OF

# ISHAM G. HARRIS,

## Governor of Tennessee,

TO THE

## GENERAL ASSEMBLY OF THE STATE,

## OCTOBER 5, 1859.

NASHVILLE, TENN:
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1859.

# MESSAGE.

*Executive Department,*
*Nashville, Oct. 4, 1859.*

*Gentlemen of the Senate,*
*and House of Representatives:*

CHARGED, as I have been, for the last two years with the administration of the State Government, and the execution of its laws, I proceed to the performance of the duty assigned me by the Constitution, of submitting to your consideration such information as I may have as to the state of the government, and such recommendations as I deem best calculated to promote the interests and protect the rights of the people of Tennessee.

THE FISCAL CONDITION OF THE STATE

Is as follows:

| | |
|---|---|
| Received into the Treasury from all sources, from 1st October, 1857, to 1st October, 1859, - - | $1,848,094 88 |
| Add to this balance remaining in the Treasury on the 1st October, 1857, - - - - - | 36,496 06 |
| Which makes the total receipts - - - - | $1,884,590 94 |
| Disbursements for all purposes, from 1st October, 1857, to 1st October, 1859, - - - - | 1,704,287 61 |
| Which leaves balance in the Treasury on 1st October, 1859, of - - - - - - - - | $180,303 33 |

For a full and detailed account of all the sources and various items of receipts and expenditures, you are respectfully referred to the full and lucid reports of the Comptroller and Treasurer.

By reference to the Comptroller's report, it will be seen, that the aggregate expenditures of the two years, ending 1st October, 1859, have been increased to the extent of $341,609 71, by various ex-

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traordinary expenditures required by law to be paid out of the Treasury, within that period, for the items of which you are referred to the Comptroller's report.

Take this amount from the gross aggregate expenditures of the two years, and it leaves, as the actual expenditures for the ordinary purposes of government, including the payment of interest on actual indebtedness of the State, the sum of $1,362,677 90.

The most rigid scrutiny into all the expenditures of the government is invoked, in order that they may be reduced to the lowest point consistent with public justice and sound public policy.

It will be seen from the Comptroller's report, that the aggregate taxable property of the State amounts to $377,208,641 00, being an increase of taxable property, since the 1st October, 1857, of $76,849,830 00; and that the receipts into the Treasury for the last two fiscal years have been considerably more than sufficient to meet the expenditures of the same period.

In this connection, it is proper that I call your attention to the fact, that sixty-six thousand six hundred and sixty-six dollars and sixty-six cents of the bonds of the State, issued for State stock in the Nashville, Murfreesboro' and Shelbyville Turnpike Company, fall due on the 25th July, 1861, the duty of providing for the payment of which devolves upon your present session.

THE ACTUAL INDEBTEDNESS OF THE STATE

Is as follows:

| | | |
|---|---|---|
| 5 per cent. Bonds, issued for State stock in Turnpike Roads, | $1,091,190 00 | |
| 5¼ per cent. Bonds, issued for same purpose, - - - - - | 137,166 66 | |
| Total for stock in Turnpike Roads, | | $1,228,356 66 |
| 5 per cent. Bonds, issued for State stock in East Tenn. and Georgia Railroad, - - - - - | $650,000 00 | |
| 5 per cent. Bonds, issued for State stock in the Memphis and La-Grange Railroad, - - - | 83,250 00 | |
| 5¼ per cent. Bonds issued for same, | 102,000 00 | |
| Total for State stock in Railroads, | | 835,250 00 |
| 5 per cent. Bonds, issued for State stock in the Union Bank, yet unpaid, - - - - - | 125,000 00 | |
| 6 per cent. Bonds, issued to raise Capital of the Bank of Tennessee, - - - - - | 1,000,000 00 | |

| | | |
|---|---|---|
| Total for Bank stock, yet unpaid, | | 1,125,000 00 |
| 6 per cent. Bonds, issued for the construction of State Capitol, yet unpaid, | | 608,000 00 |
| 6 per cent. Bonds, issued for the purchase of the Hermitage, | | 48,000 00 |
| Total actual indebtedness of the State, | | $3,844,606 66 |

Upon which an annual interest is paid of $209,388 25.

THE LIABILITIES OF THE STATE

On account of bonds loaned to Internal Improvement Companies, are as follows, to wit:

| | | |
|---|---|---|
| 6 per cent. Bonds of the State, interest payable semi-annually, loaned to Railroad Companies, | $10,348,000 00 | |
| 6 per cent. Bonds of the State loaned to Turnpike Companies, | 57,000 00 | |
| 6 per cent. Bonds of the State loaned to Agricultural Bureau, | 30,000 00 | |
| Total amount of Bonds loaned | | $10,435,000 00 |
| Bonds of Internal Improvement Companies, the payment of the principal and interest of which is guaranteed by the State are as follows, to wit: | | |
| The Bonds of Railroad Companies, | 2,014,000 00 | |
| The Bonds of the City of Memphis for the benefit of Memphis and Little Rock Railroad Co., | 350,000 00 | |
| Total amount of endorsed Bonds, | | $2,364,000 00 |
| Total present liabilities of the State exclusive of actual indebtedness, | | 12,799.000 00 |
| Add actual debt of the State, | | 3,844,606 66 |
| Which makes the total liabilities of the State of every character, | | $16,643,606 66 |

As most of the Internal Improvements to which the aid of the State is pledged by existing laws, are completed, or far advanced towards completion, it is confidently believed that the prospective liabilities of the State in aid of those works, will not far exceed three millions of dollars.

The indomitable energy and enterprise of our people, and the very liberal policy pursued by the State government, have secured to the State a splendid system of Railroads and Turnpikes, which

give to every section of the Commonwealth easy access to the markets of the world.

It is gratifying that I am able to state to you that up to this time our Railroad Companies have paid each installment of interest upon heir State bonds promptly at maturity. The fact that they have been able to do so, through a period of commercial revulsion and general financial derangement throughout the whole country, while most of their roads were in progress of construction, with only short and disconnected lines in operation, necessarily earning very little compared with what their earnings must be when completed and important commercial connections are formed, and through trade established, encourage the confident belief that now, as the various roads are being completed, penetrating every commercial locality within the Atlantic States, greatly increasing their business and profits, that they will in future be able to pay, as they have done heretofore, all of their liabilities promptly as they fall due.

The act of 1856, chapter 120, requires all Railroad Companies, which have received the aid of the State, either by the loan or endorsement of bonds, at the expiration of five years from the date of issuance, and annually thereafter, to pay into the treasury of the State a sinking fund of 2 per cent. upon the amount of said bonds, and makes it the duty of the Governor, Comptroller, and President of the Bank of Tennessee, as a Board of Sinking Fund Commissioners, to invest said fund in 6 per cent. bonds of the State, and annually re-invest the accruing interest, &c.

The first instalment of this fund fell due in 1858, since which time we have collected from the various Companies $82,840 95, which we have invested, with the interest accruing on the same, in the 6 per cent. bonds of the State and those endorsed by the State, amounting in the aggregate to $109,750, having purchased said bonds at the current rate of discount; upon which we will hereafter collect an interest of $6,417 50 annually.

These bonds are deposited in the Bank of Tennessee and the receipt of the President of the Bank for them is on file in the Comptroller's office.

The Commissioners have deemed it proper to keep the account of each Company separate, and to invest the funds of each for its own benefit. For a statement of their various accounts you are referred to the Comptroller's report.

The time fixed by the act referred to, for the payment of this fund, is, "*at the expiration of five years from the date of issuance or endorsement.*"

The general internal improvement act requires all bonds to bear date the 1st day of January of the year in which they are issued, under which, all bonds issued within the year must bear the same date, though in point of fact, portions of them are being issued and delivered to the companies every month in the year.

To avoid the necessity of frequent settlements with the various companies, and the collection of sums too small for investment in a bond, and inasmuch as the bonds all bear date the first day of January, I have fixed that as the day upon which the annual instalment is due and payable. Some of the companies contend with plausibility, if not indeed, correctly, that the first instalment of the sinking fund upon each separate lot of bonds recieved by them, falls due five years from the day upon which the bonds were received.

If this be the proper construction of the act, it imposes the necessity of a number of settlements with each company every year, necessarily resulting in the collection of a small portion of this fund, each settlement, and balances too small for investment, thus produced, lying idle in the hands of the Commissioners, to the injury of the company.

I therefore respectfully recommend the passage of a law fixing a day upon which the entire sinking fund of each year shall be paid. This will obviate the necessity of more than one settlement with each company annually, and secure the collection of sums sufficiently large for investment.

If the companies continue to pay their sinking fund as they have done heretofore, of which I have no doubt, the present mode of investment will extinguish the entire Railroad debt of the State before maturity.

It is to be regretted, however, that notwithstanding the entire success of our internal improvement enterprises thus far, and the fact that the interest upon our bonds, and the bonds themselves as they have matured, have been in every instance punctually paid, yet Tennessee bonds are selling in the market at a discount of near ten per cent., owing in a great measure, as I believe, to the large number of them thrown upon the market, which has a tendency to shock the confidence of capitalists who know the extent of our liabilities, and know very little of our immense resources. And the manner in which they are but too frequently sold by inexperienced holders who know little or nothing of the stock market, at just such prices as they will command upon forced sale, is well calculated to depreciate the credit of the State, and has unquestionably had that effect to some extent.

In view of which facts I cannot too earnestly recommend that the liabilities of the State be not increased.

Under the present revenue laws, it is held that the bonds of the State in the hands of individuals are taxable, the policy of taxing our own bonds may well be doubted, as it is certain that to the extent they are taxed their value will be diminished, and certainly we should adopt no policy which would tend to discredit or depreciate them at home.

The Comptroller's Report shows that $1,228,356 66 of the actual indebtedness of the State was contracted for stock in Turnpike roads, upon which amount the State pays an annual interest of $61,760 75,

while the dividends upon the stock paid into the treasury the last year, amount to the sum of $20,844 76, which shows an excess of interest paid over the amount of dividends received, of $40,915 99, annually, to say nothing of the principal, which must be provided for and paid, at maturity. Governments are never profitted by investments of this character, or partnerships with individuals, corporations or stock companies. They never manage such enterprises, or interests in them, successfully, or so well as individuals, and in my opinion, the sooner the connection of the government with those corporations is dissolved the better for the people of the State.

I therefore recommend the passage of a law authorizing the Commissioner of Roads, or Secretary of State, by and with the consent of such other officers of the government as may be deemed advisable, to sell the stocks owned by the State in all internal improvement companies, and appropriate the proceeds to the extinguishment of that much of the actual indebtedness of the State.

The Act of 27th February, 1854, Ch. 44, Sec. 1, provides "that after paying the interest on the bonds of the State, issued for stock in the Union Bank, the balance of dividends and bonus shall be paid on the order of the Governor and Comptroller for 6 per cent. bonds of the State."

The 3d section of the Act requires the Governor and Comptroller to cancel the bonds purchased with this fund, until the amount shall equal the sum paid out of the Treasury for the redemption of Union Bank bonds.

Under this Act my predecessor and Comptroller Crozier, received of this fund the sum of - - - $156,376 94.

Which they invested as follows:

| | | |
|---|---|---|
| 20 Capitol Bonds, $250 each, due 1st of April, 1858, - - | $5,000 00 | |
| Interest paid on same, | 126 16 | |
| 56 Capitol Bonds, $250 each, due 1st of April, 1858, | 14,000 00 | |
| 32 Capitol Bonds, $250 each, due 1st November, 1859, | 8,000 00 | |
| Interest paid on above 88 bonds, | 568 00 | |
| 59 Capitol Bonds $1000 each, due July, 1886, | 59,000 00 | |
| Interest on same, | 590 00 | |
| 50 Capitol Bonds, $1000 each, due March, 1876, | 50,000 00 | |
| 19 Capitol Bonds, $1000 each, due March, 1871, | 19,000 00 | |
| Total paid for the above $155,000 of bonds including interest paid on them, - - - - | | $156,284 16 |

| | |
|---|---|
| Which left to the credit of the Governor and Comptroller, - - - - - - - - - | 92 78 |

The above described bonds were cancelled by Governor Johnson and Comptroller Crozier, and are now on file in my office.

| | |
|---|---|
| The present Comptroller and myself received from the Union Bank in 1858, the balance of dividends and bonus for the year 1857, the sum of | $13,681 08 |
| Add to this the balance to the credit of Johnson and Crozier, - - - - - - - - - | 92 78 |
| Which makes the total receipts in 1858, | $13,773 86 |
| With which we purchased three 6 per cent Capitol Bonds, $250 each, and fourteen 6 per cent. Bonds of the State, of $1000 each, for all of which we paid the sum of - - - - - - - - - | 13,635 00 |
| Which left to our credit a balance of | $138 86 |
| The bonus due from the Union Bank for the year 1858, we received in 1859, amounting to | 9,965 54 |
| Premium received in exchanging ten bonds for ten other bonds having less time to run, | 200 00 |
| Total receipts in the year 1859, | 10,304 40 |
| With which we purchased eleven 6 per cent. Bonds of the State, of $1000 each, at 90c, | 9,900 00 |
| Which left to our credit a balance of - - | 404 40 |
| Add to this the proceeds of the above described three Capitol Bonds, of $250 each, which fell due in 1859, and were paid, | 750 00 |
| And it makes the sum of - - - - - | $1,154 40 |
| With which we purchased one 6 per cent. Bond of the State, of $1000, at 90c, - - - - - | 900 00 |
| Which leaves to our credit in the Bank of Tennessee a balance of - - - - - - - - | $254 40 |

The bonds thus purchased by Comptroller Dunlap and myself are deposited in the Bank of Tennessee, and the receipt of the President of the Bank for them is on file in the Comptroller's office.

The Act of 1856, Ch. 62, Sec. 3, requires the President and Directors of the Bank of Tennessee to invest the interest accruing upon the bonds purchased with this fund; we therefore deemed it proper to deposit them there.

I am unable to see any desirable object which is to be accomplished

by keeping this as a separate fund. The stock owned by the State in the Union and Planters' Banks having been sold, we no longer receive dividends, and the only item composing this fund in future, will be the bonus paid by the Union Bank, which, by the charter of the Bank, is appropriated to the Common School Fund.

I therefore recommend that the Acts of 1854 and 1856, above referred to, so far as they relate to this fund, be repealed, and that the fund be paid directly into the treasury, and distributed as other school funds.

## BANKING.

Currency being the measure by which the value of labor and property is determined, its amount, uniformity, certainty and character, become matters of deep interest and importance to the whole people.

The Constitution of the United States provides that, "No State shall coin money, emit bills of credit, or make anything but gold and silver coin a tender in payment of debts."

The Supreme Court of the United States has decided, that the States are not prohibited from incorporating companies to issue bank-notes and conduct the business of banking. And upon the authority of the decisions of that court, the States have assumed the same power to incorporate companies for this purpose, that they have to incorporate them to manufacture iron, domestics, or any other commodity. Yet they have no more power to give *currency* to a bank note than to the iron, domestics, or any other commodity upon the market. No power "to make anything but gold and silver coin a tender in the payment of debts," or to compel any man to use anything but coin in any of the varied transactions between men. Every individual being left perfectly free to use or reject a paper currency, as he may see proper, the Constitution recognizing nothing but gold and silver as the standard of value and medium of exchange.

The Constitution of Tennessee prohibits your "passing any law for the benefit of individuals, inconsistent with the general laws of the land; or any law granting to any individual or individuals, rights, privileges, immunities, or exemptions other than such as may be, by the same law, extended to any member of the community who may be able to bring himself within the provisions of such law: Provided always, the Legislature shall have power to grant *such charters of incorporation as they may deem expedient for the public good.*"

This clause of the Constitution forbids the passage of any act of incorporation, except such as are "*expedient for the public good.*"

The primary, leading, and controlling object must be, to promote the interests of the *public*—not those of the *individuals* incorporated.

Yet the effect of the charter is, to clothe the individuals with powers and special privileges usually highly beneficial to them, and from

which the balance of the community are excluded. One of which is, in banking corporations, the privilege of issuing two or more dollars in paper for every dollar of their actual capital, with the whole amount of which they discount the notes of individuals at the rate of six per cent, thus realizing from twelve to twenty-five per cent per annum upon their actual capital in this, the least profitable part of their business, for they realize yet much larger profits in the purchase of bills of exchange. To illustrate which, take the case of the Planter who draws his bill upon New Orleans at thirty days; the bank discounts the bill at the rate of six per cent per annum, as interest, in addition to which it takes one per cent from the whole amount of the bill as exchange, thus making the simple item of exchange equal to twelve per cent per annum: add the items of interest and exchange together and it makes eighteen per cent per annum as the profit which the bank charges upon the loan of its *notes*, and if it issues only two dollars of its notes for one of specie, it makes the round sum of thirty-six per cent per annum, which the bank realizes upon its *actual capital*, while individuals who do not enjoy similar privileges, can only realize six per cent per annum upon theirs.

But the profits of this transaction do not stop here, for at maturity, the bill of exchange is paid by the planter in New Orleans, and the fund placed to the credit of the bank, upon which it draws its check, which is sold to the home merchant at a premium of one per cent, which if repeated monthly, makes another item of profit of twelve per cent per annum; add this to the items of interest and exchange originally taken from the bill, and it swells the profits upon the *actual capital* of the bank to forty-eight per cent.

Now when the public part with these privileges by conferring them upon individuals, *the good of the public* is the sole object to be accomplished, according to the plain rule laid down by the Constitution, and the greatest care should be taken at all times, that this should be secured; and certainly it will not be contended that this can be done by anything less than securing to the people a convenient, sound, uniform, and convertible currency; and all must agree that the larger the specie basis in all banking corporations, and the more complete the control which the people have over them for the purpose of checking their excesses, the sounder and more uniform their currency, and consequently, the greater the probability of their promoting the public good: and surely the corporators cannot object to any restrictions and reservations necessary to the accomplishment of this object. For they are bound, not only by the plain letter and spirit of the Constitution, but by every consideration of sound policy, public justice and common honesty, to furnish to the community a currency as sound, uniform, and reliable as the one which they displace, a currency which is at least the representative of, and not the mere substitute for, specie, one which is at all times convertible into coin at the will of the holder.

But has such been the history of banking under the present system in Tennessee?

They have, in many instances, issued as high as four, six, eight and even ten dollars of their paper for one in specie.

They have made their notes payable at points the most remote from the place of putting them in circulation, for the purpose of retarding their return upon the bank for payment, thus depreciating their paper and making it less valuable to the holder.

They have expanded and contracted at will, causing injurious and disastrous fluctuations in trade, and affecting the price of every man's labor and property.

And not unfrequently, actuated by a spirit of selfish avarice and cupidity, they have flooded the country with their circulation, by which they have stimulated overtrading—wild and reckless speculations—habits of luxury and extravagance, and induced thousands of our population to abandon the fruitful fields of production, for the more fascinating, yet more hazardous fields of speculation; and when they have reaped the full benefit of a large business, and the bubble can be expanded no farther, public confidence becoming shocked, and the country threatened with commercial revulsion as one of the legitimate fruits of their conduct, they have quietly closed their doors and said to the victims of their policy: We extend no farther accommodations; we have suspended, and will not even pay the notes you hold upon us. Thus leaving in the hands of the people a depreciated and irredeemable paper, as their only currency—the losses by the depreciation of which, fall upon the industrial classes, who are usually the note holders; while the banks avail themselves of the depreciation by transmitting their available means to some one of the commercial cities of the North, and charging their note holders from 3 to 10 per cent. premium for exchange, or in other words, they first depreciate their own paper by refusing to pay it, and after having depreciated it, they buy it up at from 3 to 10 per cent. discount, paying for it in a check on New York instead of gold.

Now, when Banks redeem their paper in gold, you can never be under the necessity of paying higher than about $\frac{1}{4}$ of one per cent. for exchange upon any point within the Atlantic States. For exchange is always worth just what it will cost to transmit the gold to the place of payment, and gold can be transmitted from Tennessee to any commercial point within that limit at a cost of about $\frac{1}{4}$ of one per cent.

The country is now just recovering from a period of about ten months suspension of specie payments, upon the part of all the banks in Tennessee, in which every bank in the State was selling exchange at a premium of from three to ten per cent., except the Bank of Tennessee, which furnished exchange to the extent of her ability throughout the whole period of suspension at a premium of one per cent.

These are some of the evils of our *present* banking system, under

the practices of our most solvent banks, to say nothing of the millions of dollars which have been lost to the people of Tennessee by the failure and insolvency of others, not sufficiently guarded and restricted; evils to which the community have been compelled to submit, because those corporations are clothed with, and fortified by, irrepealable charters, which enable them thus to outrage the public interest with impunity, and to defy the whole people and the Legislative authority of the State. For under the *present* system, when you have passed a bank charter, and the company has organized under it, it is held by the courts, that there is no power in the government to abolish, no power to add a single restriction or safeguard, however necessary and important further restrictions may be for the security of the interests of the public; and when the individual citizen appeals to the courts of the country for relief, they may say to him, it is clear that you are wronged and oppressed by these institutions, but they are clothed with vested rights under their charters, over which we have no power, and therefore, can give you no relief.

Can institutions which engage in practices like these, so selfish and antagonistic to the general prosperity of the country; institutions, whose only object seems to have been the realization of the largest possible profits, regardless of the great injury or ruin which they bring upon the balance of the community, clothed with power to go on in their career of reckless speculation, defying any legislative enactment intended so to reform them as to protect the best interests of the people for whose benefit they were established, be "*deemed expedient for the public good?*" When so far from promoting the public good, they have, under this unrestricted system, been vampires upon the public interest, fattening upon the misfortunes of the people, which their own policy has produced.

That a paper currency is a convenience to the public, no unprejudiced mind can deny; but that it is a convenience, which, under our *present* system, has cost the people vastly more than it is worth, is equally clear. And the only means of preserving this convenience, so as to make it beneficial to the people, is by radically reforming the whole system, and throwing around it such stringent restrictions and safeguards as will secure uniformity, and perfect certainty as to the convertibility of the paper into coin at all times, at the will of the holder.

And as a means of accomplishing this, it is, in my opinion, indispensably necessary that upon the face of every charter you should expressly reserve to the people, through their Legislature, the power to modify or abolish such charter, when in their opinion the public interest demands it.

Indeed, to deprive the people of the power to control or abolish institutions created by their authority and alone for their benefit, is inconsistent with the great and fundamental principle of self-government.

I maintain that the people are at all times capable of determining for themselves, and are the best judges, as to what will promote their own interests. That they have a right to determine for themselves the number and character of banks they will have, and to restrict and guard them, as the lights of experience may prove to be necessary, and to abolish them when they fail to perform their functions fully and properly, and cease to be a public benefit. And for one Legislature to fasten upon the State a number of banking institutions for a period of thirty or fifty years, the charters of which cannot be amended, modified or repealed, is an usurpation of the rights of future Legislatures, contrary to the principles of self-government, and an outrage upon the rights of posterity.

It is, in effect, denying to those who shall come after us the rights which we claim and exercise for ourselves. And not only for ourselves; for, by this policy, we undertake to penetrate the dark and distant future, and decide for our successors, for the next quarter or half century, the character of institutions which they shall have, withholding from them the power to mould or modify them to suit their necessities or convenience, or to protect themselves against the wrongs which they may perpetrate, or to abolish them, however pernicious and prejudicial to the public interest they may become: thus denying to the people, in the future, the privilege of profiting by the wholesome lessons taught by the experience of an entire generation.

I will never assume the responsibility of denying to the people, in the future, the right of deciding for themselves as to the character of institutions which will "be expedient for the public good," aided, as they will be, in determining the question, by the lights of experience, and the facts and circumstances which time will have developed.

If the people of the present day need and desire banks, they have a right to make such as the Constitution contemplates, and to manage and control them for themselves; but they have no right to forestall the popular will and tie the hands of their successors. For the experience of every man proves that the policy which may be highly expedient at this time, and under present circumstances, may become the very reverse in the course of a few years, when circumstances have changed. And the great distinguishing feature of our Government, which commands the love of its citizens, and the respect and admiration of the civilized world, is that it is purely a Government of the people, who have the capacity and the right to mould and modify their institutions and their laws to suit their own interest and convenience, and the circumstances which may surround them from time to time; but if you adhere to the policy of irrepealable charters, the result is the establishment of sovereignties within our midst, invested with powers to affect materially the interest of every man in the community, with regard to which the people have no power except that of patiently enduring such wrongs as may be perpetrated upon them.

There is no dissenting voice in this country, and I trust there never will be, to the proposition that the people, through their Legislature, may at all times make, modify, or repeal the laws upon which the life, liberty, and property of every man in the State depend; yet this policy of irrepealable charters and "vested rights" denies to them the power to modify or repeal the law upon which the special privileges and franchises of a soulless corporation depend. Are these to be held more sacred by the people of Tennessee than the life, liberty and property of the citizen?

Let the banking system of the State, like all other measures of public policy, be placed under the control of the people, and then just so long as the banks perform their functions fully and in good faith; just so long as they make themselves advantageous and beneficial to the public; just so long as they are "expedient for the public good," they will be fostered and sustained; and when they fail in these respects, they ought to be abolished.

The fact that their continued existence is made to depend upon their promoting the public good, by a full and fair performance of duty, would furnish the powerful incentive of self preservation as a motive to banks to avoid excesses, however much tempted by the prospect of large profits, and to perform, with perfect fidelity, their whole duty to the people.

It seems to me that you had as well expect a rational people to shut themselves in from light, air, and the genial warmth of the sun, as to expect them to strike down institutions which are promotive of their interests, and beneficial and convenient to them; and the Constitution forbids your chartering any corporation which is not of this character. Hence, corporators who intend to make a bank which will furnish to the people, at all times, and under all circumstances, a sound, uniform, and convertible currency, need have no fear of the reserved power; and it would be unwise and impolitic in the extreme, as well as unconstitutional, to give them the privilege of creating one of a different character.

About half the States of the Union, and amongst them New York and Pennsylvania, two of the largest commercial States in the Government, guided by the lights of long experience in banking, have been forced to adopt the policy of reserving complete legislative control over their banking institutions. New York adopted this policy by legislative enactment in 1829–30, and after testing it by a trial of sixteen years, it was incorporated into the constitution of that State, and there is not a single instance upon record, where it has been adopted by any State that the reserved power has been abused by the people.

Indeed, I cannot see why they should be expected to abuse this power any sooner than any other or every other legislative power which they possess.

I therefore earnestly recommend the following restrictions, as in-

dispensably necessary to any system of banking which is expected to furnish a sound, uniform, and convertible currency:

*First.*—The power reserved to the people, through the Legislature, to anmend or repeal the charter when "*deemed expedient for the public good*" to do so.

*Second.*—That no bank shall be permitted to issue more than two dollars of paper for one of specie, or to permit its entire liabilities to note holders, depositors, and others, at any time, to exceed the specie in the vaults more than three for one.

The experience of the financial world has demonstrated, beyond controversy, that the convertibility of a paper currency cannot be maintained, at all times, when the disproportion between their specie and liabilities runs higher than this.

*Third.*—That no bank be permitted to issue any note of less denomination than twenty dollars. This will secure a specie currency for all the smaller business transactions of the country, and at least a partial exemption from losses by bank failures and a depreciated currency, of that class of the community who are least benefitted by bank accommodations, and yet are generally the most serious sufferers by their failures or depreciation. And the large amount of specie necessarily retained in the country in constant circulation under this policy, would go far to relieve, if it did not prevent the commercial revulsions and financial derangements which have been of but too frequent recurrence.

*Fourth.*—That no bank or branch bank in the State shall issue or put in circulation any note or bill that is not payable in specie at the counter where the same is issued or put in circulation.

The issue by each bank of nothing but its counter notes, would confine the circulation of each bank to the legitimate wants of the community, upon whose trade it is predicated. It would tend to secure a sound currency in each and every neighborhood in which a bank may be located, by affording to all an opportunity of converting into coin, without expense, whatever paper might not be needed as a mere matter of convenience for our internal trade.

The facility for returning notes thus issued upon the bank for redemption, would serve as a constant check upon the banks, and would do much towards keeping them within safe limits. It would put an end to that system of flooding the country with the depreciated or doubtful issues of our own or foreign institutions.

*Fifth.*—The individual property of each stockholder to be liable for the debts of the bank, but as between themselves, their liability to be in proportion to the amount of stock taken by each, and this liability to the creditors of the bank to continue for the term of four months after public notice of any transfer of stock, so that the creditor may proceed against the original stockholder, if he prefers doing so to relying upon the solvency or management of the purchaser of the stock. This will prevent solvent stockholders from relieving themselves

from liabilities to creditors by transferring their stock to insolvent parties.

Stockholders establish banks and invest their capital in them for their own pecuniary benefit; they have the management and control of them; if profits accrue they are the beneficiaries; if losses are sustained, they are bound, by every consideration of honesty and fair dealing, to bear them; but without some provision making them individually liable, the stockholders will pocket the profits, and when, through their mismanagement or fraud, the bank fails or its paper depreciates, the note holders are forced to sustain the losses. Banking is purely the speculation of the stockholders, and they must incur its hazards if they would realize its profits.

Indeed, where the managers of a bank are disposed to act fraudulently, they may enrich themselves, by getting in circulation the largest amount of their paper possible, suspend payment, discredit the paper, and buy it up at mere nominal rates, or pocket the assets and leave their creditors to look to the empty vaults of the corporation for satisfaction of their claims. Make them individually liable to the creditors, and they will have no motive to discredit their own paper, for they will be bound to make it good to the holder, and you will thus secure a much more prudent and safe management of these institutions, than we have had under the present system.

*Sixth.*—Require the registration and countersigning of every note to be issued by a bank, by the Secretary of State, or some other officer of the government, by which means the public can, at all times, know the maximum circulation of every bank in the State, and it would go far to prevent over issues.

*Seventh.*—The creation of a Board of Supervisors, consisting of three competent men, who shall have the power to enter and examine the condition of every bank in the State, at any time, and whose duty it shall be to do so at least quarterly, and report, through the columns of some newspaper at Nashville, their true condition, so that the public may know the real condition of the various banks, and to what extent they are worthy of confidence.

The only information the public has as to the condition of banks, under the present system, is through the reports of their officers, who are interested in making the most favorable report possible, and whilst, in a great majority of cases, these reports are honestly and fairly made, yet, in some, they are not; and the people are deeply interested in, and have a right to know, the true condition of every ban in the State.

*Eighth.*—Make the suspension of specie payment for the term of twenty days, or the violation of any provision of the act of incorporation a forfeiture of charter, and give the supervisors the power, when they shall be satisfied by a full examination that any bank has thus suspended or violated its charter, and that the security of the public interest demands it, to attach the assets of the bank for the benefit of creditors, and to proceed at once to prose-

cute the bank to a judgment of forfeiture. Make it also their duty to report to each session of the Legislature, and to recommend such reforms as they may deem necessary to the perfection of the system.

*Ninth.*—Such penalties and forfeitures as will insure a strict observance of, and conformity to, all of the above, and such other restrictions as you may see proper to impose.

With these restrictions imposed upon the banking system of the State, our currency must become much more uniform, sound, and reliable, than it has been heretofore under the present banking system, and, under these restrictions, stockholders have an ample margin for legitimate and highly remunerative profits.

While it is indispensably necessary to the security of the public, that the people should hold Legislative control over, and have the power to protect themselves from injury resulting from improper practices of these institutions, by guarding, restricting, or abolishing such banks as they may see proper to charter, yet it is confidently believed that the State should not engage in banking, or any other business or speculation in competition with her citizens, with a view to money making. In addition to which, it may truly be said, that you rarely find the same amount of care and energy exercised in the execution of a public trust that is common to the prosecution of private and individual enterprise; and as an investment, it is confidently believed that if the entire property of the Bank of Tennessee was converted into money, and with the capital of the bank invested in the six per cent. bonds of the State, that it would result, ultimately, in more profit to the Treasury than our present, or any other system of government banking is likely to do. Thus furnishing, to that extent, a home market for our State securities, already depreciated for the want of it, and ridding the State government of the expensive and demoralizing machinery of a banking institution, and of the hazards necessarily incident to the banking business.

The President and Directors of the Bank in their report to the last session of the Legislature, say, "that the true interest of the State will hereafter be best promoted by a dissolution of all connection with the banks or internal improvement companies, at as early a period as the finances of the State will admit of it, without unnecessarily oppressing the people, and with due regard to the public faith pledged to them."

In this opinion I fully concur. One million of dollars of the capital of the bank was raised by the issue and sale of that amount of the bonds of the State. These bonds fall due in 1868, and must be paid either by taxation or out of the capital of the bank.

I have no doubt that the true policy of the State will be found in winding up the Bank of Tennessee at the expiration of its charter, and leaving the business of banking to private enterprize, under such guards and restrictions as the Legislature may, from time to time, see proper to throw around it.

For a statement of the business, profits and condition of the Bank

of Tennessee, you are respectfully referred to the report of the President and Directors.

In this connection I earnestly recommend the adoption of resolutions, proposing so to amend the Constitution of the State, as to prohibit the Legislature from chartering banks or other speculative corporations, without reserving the power to amend, modify, or repeal the same.

Without such constitutional prohibition, a single session of the Legislature favorable to the policy, may fasten upon the State any number of corporations of this character, for half a century, depriving the people of the power to control or to abolish them, however much every member of the community may feel the absolute necessity of doing so.

The importance of the subject demands that I repeat to you a recommendation which I had the honor of submitting to the Legislature at its last session, of "an amendment of the Constitution of the State, so as to fix a reasonable limit, beyond which the Legislature shall not go, in creating a debt or liability of the State, without first submitting the question directly to the people, except in cases of invasion, insurrection, or rebellion. Such an amendment is certainly wise and proper in itself, securing to the people the right to be consulted, and to determine for themselves, by popular vote, whether they will take upon themselves the liability proposed or not; especially in view of the fact that our legislative elections are generally made to turn much more upon party considerations and federal politics than upon local or State policy, and most of the questions, out of which have sprung these heavy liabilities, have been very little discussed, if, indeed, they have been discussed at all, before the people, previous to their enactment.

Another salutary effect following such an amendment is, that it would inspire confidence in such securities as the State has issued, or may hereafter issue, throughout the money markets of the world; and to the extent that you convince capitalists that we have not issued, and will not issue bonds beyond our ability to pay, do you restore and appreciate the credit of the State."

## THE PENITENTIARY.

It will be seen from the Report of the Inspectors and Agent of the Penitentiary, that there has been a gradual and constant increase in the number of convicts received at the Prison for the last two years. The number, however, is constantly fluctuating by the receipt of new convicts and the discharge of others. The average may be safely set down at about four hundred.

The institution is laboring under some serious disadvantages, which the best interests of the State, as well as the laws of humanity, require should be speedily remedied.

It is impossible to employ the labor of the average number of con-

victs profitably within the area of the present prison walls. In my opinion it is absolutely necessary that the walls be extended north to the northern boundary of the property owned by the State, so as to include the entire property. There is not within the present inclosure sufficient shop room for the hands, shelter room for the necessary stock of material, or ware room for the articles manufactured. If you would employ the labor of the convicts profitably, additional shops must be built, or every shop in the prison enlarged. In addition to which a ware and sale room in front of the prison, where every article shall be deposited so soon as completed, and where all sales shall be made by one salesman, is indispensable to the success of the institution in a pecuniary point of view. The last Legislature appropriated the sum of ten thousand dollars ($10,000) for the purpose of building additional cells; and under the supervision of the present very efficient Board of Inspectors and Agent, a new wing, containing one hundred and twenty cells, has been constructed, which I am satisfied, will, in point of security, neatness, convenience, and comfort, compare favorably with any prison in the United States. But the old building had only two hundred and thirty-two cells, and the new wing has one hundred and twenty, which makes the whole number only three hundred and fifty-two, while the number of convicts almost constantly considerably exceed the number of cells. More cells are indispensable to the health and comfort of the convicts, and should by all means be provided for without delay.

There is at present no place of deposit for the excrement from the prison. The practice heretofore has been to haul it out and deposit it near the walls upon adjacent lots owned by individuals, but the country around the prison is being rapidly settled up and becoming densely populated, and the community will not, and should not be expected to submit to the creation of a nuisance of this character in their midst. The only remedy for this evil will be found in the construction of a subterranean sewer, which will carry off all of this excrement, without injury or offence to any one.

It is believed that much the greater portion, if not all the work in the construction of the improvements necessary, can be done by the convicts, if the Legislature should see proper so to employ their labor. In that event, however, appropriations from the Treasury will be necessary, for the purchase of material and the support of the institution while their labor is thus employed.

For full and accurate information as to the business and condition of the Penitentiary, you are referred to the report of the Inspectors and Agent. From which it will be seen that the available assets for the last two years are about equal to the liabilities incurred for the same period, and the labor of the convicts in the construction of the new wing, is estimated at about ($27,000) twenty-seven thousand dollars, and the stone cut for the Capitol is estimated at about ($17,000) seventeen thousand dollars more than they receive for it, which makes a total of ($44,000) forty-four thousand dollars, about

which amount, it is believed by the Agent, would have been realized from the prison, if the entire labor of the convicts had been employed in manufacture instead of improvement.

The general management of the prison, as regards discipline, subordination, cleanliness, and the observance of all rules necessary to the preservation and promotion of health and comfort, will compare most favorably with any prison in the Union.

Governments, however, are never good financiers—never manage pecuniary interests successfully or well—and ours forms no exception to the general rule in this respect.

In view of which fact, I do not doubt that the best interests of the State would be promoted by leasing out the entire labor of the prison annually. The State, through her agent, feeding, clothing, and controlling the convicts, as at present, except as to the character of work within the various shops, which would be determined and controlled by the lessee. The Legislature prescribing, with precision, the rules which are to regulate the leasing of the various shops, and the government of the convicts, so as to secure to them the best treatment, and the highest degree of comfort consistent with their position.

There can be no doubt that, in a pecuniary point of view, the State would be greatly profited by the adoption of this policy. In the States where it has been tried, it is said to have worked remarkably well, and I cannot doubt it would do so here.

### THE STATE AGRICULTURAL BUREAU.

The report of the State Agricultural Bureau, which will be laid before you by the Secretary, on the first of December, will inform you of the progress made since the last report, in the formation of County Agricultural Societies, and of the results accomplished by these Societies in agricultural improvements. There have been chartered in the State, forty-two County Societies. Most of these are in operation, acting under the general law, and reporting annually to the State Bureau. Division Fairs are held each year, at Knoxville and Jackson, for the Eastern and Western divisions of the State, and in the Middle division with some one of the County Societies of that division. County Fairs are, also, annually held by nearly all the County Societies, at which a very commendable emulation in excellence of stock, agricultural products and mechanical skill is excited. A noticeable advance in improved methods of farming, as well as in the products of the farm and the implements of cultivation, has been made within the last few years. The products of the soil have been increased, and the soil itself protected against exhaustion, by more intelligent and scientific culture; while the invention and gradual introduction of improved machines for the cultivation and husbandry of crops, and the yearly increased facilities for transporting those crops to the best markets, by making production cheaper and en-

hancing value, is rapidly advancing the wealth of the State and of her citizens. The leading business of the people of Tennessee is agriculture and its attendant interest—the production of domestic animals. It has been a policy adopted by your predecessors in legislating for the State, with great unanimity, to encourage and foster this interest. Many of you have been witnesses of the effect of this legislation in your own counties and districts, and bring to your duties as legislators, personal experience of the benefits of past legislation in stimulating the industry and developing the resources of the State. A continuance of the policy which has proved of so much benefit will, therefore, I am confident, accord with your own judgment, as well as with the expectations aud wishes of your constituents.

The framers of the act establishing a State Agricultural Bureau, evidently intended and expected that its provisions would apply equally to the agricultural and mechanical interests of the State, and it has been the earnest desire of the Bureau so to execute their duties as to secure such a result. In 1855–6 an act was passed providing for an appropriation of $10,000 each to East, Middle, and West Tennessee, to purchase and fit up Fair grounds, in the event that the delegates to the Division Fairs of those divisions should think it expedient to locate the Division Fairs. Under this act, the Division Fair for East Tennessee was located at Knoxville, and that for West Tennessee at Jackson, and the appropriation of $10,000 for each fair was drawn from the Treasury. The Middle Division Fair was not located: the delegates deciding that they preferred the plan of holding the fair for that division, as originally provided, alternately in the different counties. Application was therefore made by the Mechanical Association at Nashville, for a transfer to their Association of the ten thousand dollars which had been thus contingently appropriated and not used, to aid them in building a hall for their purposes in Nashville. The Legislature, at its last session, passed an act consenting to the transfer, provided the consent of the delegate members to the Bureau from Middle Tennessee should first be obtained. The members in question have taken no final action in the matter. I refer the subject to you for further action, if you deem such action necessary and proper, adopting for myself the language of my immediate predecessor, speaking of the subject in his last message to the Legislature.

The Mechanics' Institute of Tennessee, said Gov. JOHNSON, has done much, it is believed, by its annual fairs, to stimulate the mechanical and manufacturing interests of the State, and to develop much talent peculiar to the successful prosecution of these branches of industry. The leading principle upon which this institution is established, is paramount, in directing the mechanical genius of the young men of the country, in that branch of mechanism to which it is best adapted. In brief, it is designed to stimulate and bring out the latent mechanical talent and excite a laudable ambition among

mechanics, manufacturers, artizans, and inventors, to excel, to foster and to encourage the arts in every way, and ultimately to establish a school of design for the benefit of the youth of the State, whose opportunities are limited for the want of pecuniary means, or otherwise. The institution is not established upon such a basis as desired by the Directors; though they have been struggling against many difficulties, it is believed they will ultimately succeed in its permanent establishment. They desire to erect a Hall suitable for the institution, and have already leased a lot of ground convenient and favorably located for the erection of suitable buildings.

The Legislature with great liberality has aided other important interests in the State, such as Railroads and Agriculture. Will it not therefore extend similar aid to manufacturers and mechanics, and in so doing place these great interests on an equal footing with the other industrial pursuits of the country, and thereby exonerate the Legislature from the charge of invidious and partial legislation? *If you legislate for one, legislate for the whole.*

## STATE LINE COMMISSION.

Being informed by His Excellency, Henry A. Wise, Governor of the State of Virginia, of his readiness to send a commission to the field, to meet commissioners from Tennessee, for the purpose of running and re-marking the line between the States of Tennessee and Virginia:—In obedience to the act of 1858, chap. 43, I appointed Gen. Samuel Milligan, of the county of Greene, and Col. George R. McClellan, of the county of Sullivan, Commissioners on the part of Tennessee.

The joint commission has been in the field for some considerable time, and I am informed by the commissioners that they have completed the work; their engineer being now engaged in the preparation of the necessary maps, &c., which, when completed, will enable me to lay their final report before you.

The second section of the act authorizes the Governor to pay one-half of all the expenses incurred in running and marking the line, and two dollars per day to each Tennessee Commissioner, and ten cents per mile for all necessary travel going to and returning from the line, &c.

I have, at the request of the Commissioners, ordered the Comptroller to issue his warrants upon the treasury to them, amounting in the aggregate to the sum of $1,697 68.

In this connection, it is proper that I call your attention to the fact that the compensation allowed the Commissioners by the act above cited, is wholly inadequate to the service required. The duties devolving upon this commission involve weighty responsibilities, and much labor and exposure.

I respectfully recommend that their compensation be made equal to the importance of the service required at their hands.

The act of January, 1858, chap. 26, provides for the appointment of two Commissioners by the Governor of Tennessee to meet such Commissioners as may be appointed on the part of the State of Kentucky, "to run and re-mark the line established by the compact between the States of Tennessee and Kentucky." The 2nd section makes it the duty of the Governor to transmit a copy of the act to the Legislature of Kentucky, then in session, with a request that said Legislature take such action as may be necessary to effect the object. I transmitted a copy of the act to His Excellency, Charles S. Morehead, Governor of Kentucky, immediately after its passage, with a request that he would lay the same before the Legislature of that State, accompanied with such recommendation as he might see proper to make. Very soon after which, I was informed by a communication from Gov. Morehead, that the Legislature of Kentucky had passed an act very similar to our own, and that Kentucky was ready to proceed with the work. Whereupon I appointed, as Commissioners upon the part of Tennessee, Dr. Benjamin Peeples, of the county of Henry, and Col. O. R. Watkins, of the county of Jefferson.

They proceeded to the field some time in the month of November, 1858, and have been progressing with the work since that time. The information derived from correspondence with the Commissioners, justifies the belief that they will complete the survey in time to enable me to lay their final report before you during your present session.

The 4th section of the act appropriates the sum of three thousand dollars to the purchase of necessary instruments and the cost of making the survey. This sum being exhausted, and there being no authority to furnish the Commissioners such funds from the treasury as was absolutely necessary to complete the work, we procured for them, from the Bank of Tennessee, upon the individual credit of myself, Col. J. E. R. Ray and Gen. J. T. Dunlap, the sum of two thousand dollars, for which the Bank holds our note.

It will devolve upon your present session to provide for the payment of the balance of the expenses of the Tennessee Commission in making this survey, and also to fix the rate of compensation to the Commissioners, as the act is silent upon that subject; and I respectfully recommend that it be made fully commensurate with the toil, exposure, privations, and responsibilities which the duties of the position impose.

### THE STATE LIBRARY.

I beg to commend the State Library to your favorable consideration. It may now be regarded as an institution of the State, having been founded by your predecessors of 1855, and liberally provided for by the last General Assembly. An efficient method of discharging your constitutional "duty to cherish literature

and science," is by extending your aid to this interesting department of our government. But besides enumerating it among the objects of legislative solicitude and care, I have another motive for giving it a place in this communication,—that of informing the young men of the State, that even now, they may find on its shelves much important aid to investigation and research in almost every branch of knowledge; and of suggesting to them that a few months spent within its walls, in diligent study, before entering upon the pursuits to which they intend to devote their lives, would be an evidence of their resolution to make themselves useful citizens. You will learn, from the Librarian's report, its present condition and its operations for the past two years. It is hoped that the work of fitting up the room, appropriated to the reception of the books, may be completed by the commissioners of the capitol before your adjournment, in accordance with the act of 1855, so as to enable you to see more clearly what has been and what remains to be done, to place the library upon a footing of utility and efficiency.

### WEIGHTS AND MEASURES.

The 11th section of the act of March, 1858, chap. 55, authorizes the Governor to have made, under the direction of the Superintendent of Weights and Measures, for each county in the State, a set of substitutes, or copies of the standard weights and measures, and such other apparatus as may be necessary to their use.

On the 28th of March, 1858, I addressed a note to the Superintendent, directing him to proceed at once to their manufacture. He has completed eighty-five sets, samples of which are now in the office of weights and measures, subject to your inspection. About half of them have been delivered to such counties as have, through their County Courts, applied for them, and the balance are ready for delivery upon proper application.

They have been gotten up by the Superintendent with a precision and accuracy, and in a style of workmanship, which, I doubt not, will be found entirely satisfactory to the public, and highly creditable to that officer.

They have cost in the aggregate $4,250 08, which makes the cost of each set $50 00. Nothing has been done in the manufacture of the standard weights and measures for the several counties of the State since your last session; the entire time and attention of the Superintendent having been devoted to preparing the substitutes above referred to.

### PUBLIC ARMS.

The act of March, 1858, chap. 81, authorizes the Superintendent of Weights and Measures to collect and keep in good order the public arms of the State. The Capitol Commissioners have set apart and had fitted up the north basement of the Capitol as a State Arsenal,

and upon my order the public arms, heretofore deposited at Knoxville, Jackson and the State Prison, have been removed to the Arsenal and placed in the keeping of the Superintendent. A full and accurate report, as to their number, character and condition will be laid before you during the present session.

### REPORT OF THE JOINT SELECT COMMITTEE.

The Joint Select Committee, appointed by the Legislature at its last session, to examine and report, in vacation, the condition of the books and accounts in the offices of the Comptroller and Secretary of State, after a laborious investigation of the manner in which the business of these offices had been conducted, eliciting many facts and conclusions of importance and general interest to the public, submitted their report to me, six thousand copies of which have been printed in pamphlet form by the public printer, some of which have been distributed amongst the people and the balance are in the possession of the Secretary of State, subject to any order which you may see proper to make respecting them. A copy of the Report is herewith transmitted. The facts developed by this investigation, demonstrate the necessity of a more effectual system of checks upon the accounting officers of the Treasury, so as to place it beyond the power of any one of them, to defraud the Treasury, without the complicity of another. While I have the utmost confidence both in the integrity and entire competency of the present incumbents, I deem it a matter of the highest importance that such a system of checks should be adopted, as will put it out of the power of any public officer to practice frauds upon the Treasury, without the certainty of immediate detection and punishment.

### CHARITABLE INSTITUTIONS.

For full and accurate information, as to the present condition and business of the Hospital for the Insane, and the Institutions for the education of the Blind and the Deaf and Dumb, you are respectfully referred to their several reports.

The establishment and support of these institutions, do honor to the philanthropy and liberality of the people of the State, and in this enlightened age, it requires no argument to prove, that we are bound, by every consideration of justice and humanity, to those most unfortunate classes of our citizens, to continue to yield a liberal support to these institutions, which contribute so much to their comfort and the alleviation of their misfortunes. Such information as I receive respecting them, justifies the belief, that the present condition and management of each of those institutions will compare favorably with those of a similar character anywhere.

Your favorable consideration of all just claims, in aid of these praiseworthy efforts in behalf of the cause of humanity, is respectfully invoked.

## SECRETARY OF STATE.

Since the adjournment of the last session of the Legislature, a vacancy in the office of Secretary of State was occasioned by the resignation of Dr. F. N. W. Burton, which I filled on the 28th day of May, 1858, by appointing to said office John E. R. Ray, Esq., of the county of Shelby.

The duty of filling this vacancy, by election, devolves upon the present session of the General Assembly.

## THE GREAT SEAL OF THE STATE

Is, by law, in the custody of the Governor, and can only be used by his order; it is that which gives authenticity to every official document coming from the Executive Department. There is at present no law prohibiting individuals from making and using a fac simile, which might be done greatly to the prejudice of the State and the injury of individuals; to prevent which, I respectfully recommend the passage of a law containing such prohibition, and prescribing such penalties as may be considered necessary to accomplish the object.

## SALARIES.

Whilst I hold it to be the duty of all governments to pursue the strictest economy in the expenditure of public money, consistent with the efficiency of the public service and sound public policy, I hold that it is equally the duty of governments to pay their public officers such salaries as will defray all expenditures which are necessarily incident to their respective positions, with a reasonable compensation for their services. A contrary policy will, in effect, exclude all men from the honors of public position except such as have estates sufficient to justify them in sacrificing their time to the public service, and it requires no argument to show the gross injustice of such a policy.

Under the present law the Secretary of State receives a salary of $800, and as Internal Improvement Commissioner $500, with some inconsiderable perquisits; and the Treasurer a salary of fifteen hundred dollars per annum, with three-fourths of one per cent. upon all monies received and disbursed by him as Treasurer of the Insane Hospital, which amounts to about four hundred dollars.

The duties of each of these offices require the constant presence of the officer at the Capitol, and it is a fact, easily demonstrated, that they cannot bring their families to Nashville and support them upon their respective salaries.

These salaries were fixed at a time when the necessary expenses of living were not more than half as much as they are at present, nor the responsibility connected with these offices much more than half as great as they are at this time.

The salary of the Agent of the Penitentiary was reduced by the last Legislature to the sum of one thousand dollars. The duties of this office impose weighty responsibilities, great vigilence and constant attention, and require a high order of business qualifications.

I respectfully recommend a full investigation of the matter, and the fixing of such salaries for the officers referred to as may be deemed fair and just, both to them and the public.

## THE HERMITAGE.

The act of February 11th, 1856, chapter 96, authorized and directed the Governor to purchase, for the State of Tennessee, five hundred acres of the late residence of Gen. Andrew Jackson, deceased, including the mansion, tomb, and other improvements, known as the Hermitage. This duty, as was reported to the Legislature at its last session, was performed, at a cost of forty-eight thousand dollars. The same act directed that a tender of the property should be made to the Federal Government, on the express condition that it should be used for a branch of the Military Academy at West Point, and that if it should not be accepted for that purpose, within two years from the expiration of that session of the Legislature, it was made the duty of the Governor to have laid off fifty acres, including the tomb, the mansion and the spring and spring-houses, and expose the balance to public sale. The tender having been made by my predecessor, and not acted on by the Federal Government, the Legislature, at its last session, passed an act (chap. 52) giving the further time of two years from the 6th of February, 1858, during which the Federal Government might signify its acceptance of the tender. By the original act, Mr. Andrew Jackson was allowed the possession of the property for the term of two years, unless applied for by the General Government within that time; and by the act of 1858, it was made the duty of the Governor to see that the property was taken care of, until the Federal Government should determine the question of its acceptance. The Federal Government having failed to signify its acceptance of the property on the terms provided in the act of 1856, and Major Jackson having notified me of his intention to remove from it during the coming winter, further legislation will be necessary at your present session.

If it be deemed advisable to sell a part of the property, I recommend that the part reserved by the State be laid off in a square, so as to include the mansion, tomb and spring and spring-houses, and extend out to the Nashville and Lebanon Turnpike, which would probably embrace about one hundred and fifty acres. You cannot preserve the harmony and beauty of the property without including at least this much; and that specific instructions for its preservation and care be provided by law.

The most appropriate custodian of the estate would seem to me to be the State Agricultural Bureau; and, in the event of its willing-

ness to accept, and preserve, and beautify the property, the whole should be retained, if preferred by the Bureau. This body, composed of gentlemen, eminent alike for their enterprise, intelligence, public spirit and patriotism, would, I am confident, undertake the management of the property, and so direct it as not only to preserve, but to beautify and adorn it.

The farmers of the State would feel constant pride in decorating with their choicest care the fields which the hero loved so well, and which are sacred to them as holding the ashes of the patriot. I refer the matter to your consideration, confident that you will do all in the premises which the Representatives of the people of a great State can do, to protect as the shrine of patriotism, and to decorate, as the resort of beauty and taste, the beloved resting-place of him who will be regarded, by all coming generations, as one of the purest patriots, and as having been at once the hero and the statesman, the captain and the sage.

Invoking the blessings of Divine Providence upon your deliberations, this great Commonwealth, and our whole country, I commend to your care and favorable consideration the foregoing recommendations, with all other questions which affect the prosperity and well-being of the people of Tennessee.

ISHAM G. HARRIS.

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